

Message Text

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ORIGIN EA-07

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DRAFTED BY EA/P:STAFF:PP

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FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALEAP 0000

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

JEC PARIS 0000

USSAGE NAKHON PHANOM

CINCPAC HONOLULU

COGARD POLAD

XMT AMEMBASSY SUVA

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E.O. 11652 N/A

TAGS: PFOR, XC, US

SUBJECT: DECEMBER 10 EA PRESS SUMMARY

INDOCHINA

1. IN CABLE FROM CANTON TO UPI TOKYO, SIHANOUK
CALLS JAPAN NEO-IMPERIALISTIC, SAYS IT HAS NO RIGHT
TO CALL ITSELF "VOICE OF ASIA" AFTER SUPPORTING LON
NOL REGIME IN UNGA (PHINQ; NYDN).

2. FIELD REPORTS SAY TWO FANK BATTALIONS WITH ARMOR
SPEARHEAD ATTACK NEAR KOMPONG SPEU TO CLEAR OUT INSURGENTS
WHO RAIDED KOMPONG SPEU MARKET AND CAPTURED NEARBY
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VILLAGE SATURDAY. ATTACK RUNS INTO STIFF INSURGENT

FIRE (PHINQ; AP CHITRIB, SUN).

3. KIEN DUC BATTLE CONTINUES, SITUATION CONFUSED.
ARVN SPOKESMAN SAYS KIEN DUC IN GVN HANDS BUT HEAVY
FIGHTING IN AREA GOES ON; VC SPOKEYESTERDAY THAT ARVN
INFO ON SITUATION AFTER DECLARING YESTERDAY THAT ARVN
DRIVE INTO AREA HALTED (REUTER, NYT). GVN TROOPS PULL
BACK FROM KIEN DUC IN FACE OF HEAVY RESISTANCE FROM
REINFORCED NVA BUNKERS IN TOWN CENTER, MAKE FRESH ASSAULT
BY AIR AND ARTILLERY. ARVN MILITARY SOURCE SAYS "FIELD
REPORTS FROM COMMANDERS IN PAST FEW DAYS MAY NOT HAVE
BEEN ACCURATE" (AP CHITRIB, SUN; PHINQ; WP; CSM).
GVN SUPPLY CONVOYS ROLL INTO GIA NGHIA OVER ROAD THROUGH
DAK SONG FOR FIRST TIME IN OVER MONTH (SUN).

4. MCCOMBS (WP) FROM SAIGON REPORTS ON ACCELERATED
OIL EXPLORATION OFF SVN COAST. OFFICIALS EXPECT INDICA-
TIONS OF WHETHER OIL EXISTS BY SPRING, WITH TEST-DRILLING
POSSIBLE BY LATE 1974. EXXON AND OTHER COMPANIES INVOLVED
ARE PREPARED TO COMMIT FUNDS TO HIRE HARD-TO-LOCATE
DRILLING RIGS, REPOREDLY EXPECT TO SPEND 60 MILLION
DOLLARS FOR EXPLORATION OFF SVN COAST DURING NEXT 5
YEARS. EIGHT OF THE THIRTY 2500-SQUARE-MILE CONCESSIONS
SO FAR PUT UP FOR BID WERE ACQUIRED BY EXXON, SHELL,
MOBIL AND SUNNINGDALE; SALE OF MORE CONCESSIONS POSSIBLE
BY MID-1974. SVN NOW REELING FROM OIL CRISIS CAUSED
BY WORLD SHORTAGE AND BY RECENT DESTRUCTION OF STOCKS
BY COMMUNISTS. INFORMED SOURCES SAY SINGAPORE OIL STILL
COMING IN DESPITE CUTOFF TO US MILITARY, BUT US MAKES
PAYMENTS TO SAIGON INSTEAD OF BUYING IT AND HAVING IT
DELIVERED.

THAILAND

5. FM CHATICHAJ SAYS RTG REQUIRES THAT SWEDEN "MAKE
A GESTURE" CONCERNING PRINTED CRITICISMS OF KING BHUMIBOL
BY STOCKHOLM-BASED THAI NATIONAL LIBERATION MOVEMENT
(AFP, WP).

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6. JOC'S CULLISON, IN TOKYO, REPORTS MITI EXTREMELY
WORRIED ABOUT EXPECTED ARAB INSISTENCE THAT FUTURE PAYMENTS
FOR OIL DESTINED FOR JAPAN BE IN YEN, NOT DOLLARS.
GOJ FEARS SUCH DEVELOPMENT WOULD PUSH JAPAN WELL ALONG
WAY TOWARD ACCEPTING EXTENSIVE FOREIGN EXCHANGE CONTROL
RELAXATIONS, MAKING TOKYO A MAJOR WORLD MONEY MARKET --
A DEVELOPMENT GOJ DOES NOT WANT TO MATERIALIZE BEFORE

IT IS ADEQUATELY PREPARED.

7. PEARLSTINE (JOC) CITES "SCURRYING" OF GOJ OFFICIALS IN "UNABASHED EFFORT" TO KEEP ME OIL FLOWING TO JAPAN: SEVERAL DELEGATIONS OF JAPANESE BUSINESSMEN ARE EXPECTED TO FOLLOW MIKI TREK TO ME; MITI CONSIDERS OFFERING EGYPT LOANS AND TECHNICAL ASSISTANCE FOR SUEZ CANAL RECONSTRUCTION; SEVERAL JAPANESE CONCERNS BEGIN NEGOTIATING INCREASED PURCHASES OF "DIRECT DEAL" OIL FROM ARAB COUNTRIES, HOPING TO BYPASS MAJOR US AND EUROPEAN SUPPLIERS; MITSUI IS ANALYZING DEVELOPMENT PLANS OF SEVERAL ME NATIONS TO SEE IF THERE ARE PROJECTS IN WHICH IT MIGHT PARTICIPATE; AND NISSAN CONSIDERS CONSTRUCTION OF TRUCK ASSEMBLY PLANT IN SAUDI ARABIA, WHILE CONTINUED OIL CUTBACKS

MAY PROMPT IT TO CONSIDER MORE SERIOUSLY POSSIBILITY OF INVESTING IN ME STEEL-MANUFACTURING FACILITIES. SEA ECONOMY

8. US GEOLOGICAL CONSULTANT JAMES BLAKE SAYS PROVEN OIL RESERVES IN SEA ARE GREATER THAN PUBLISHED FIGURES INDICATE, MAKING IT LOOM SIGNIFICANTLY LARGER ON WORLD POL MAP THAN PREVIOUSLY THOUGHT. CONTENTS PROVEN SEA CRUDE RESERVES "ULTIMATELY RECOVERABLE" TOTAL 26 BILLION BARRELS; ADDING ON EQUIVALENT IN NATURAL GAS, FIGURE IS 32 BILLION (UPI, JOC).

9. JOC'S FULLER REPORTS TEAM OF ARTHUR D. LITTLE EXECUTIVES PRESENTED FAVORABLE SEA TRADE AND INVESTMENT PICTURE RECENTLY TO BUSINESS GROUP IN NYC, INCLUDING: AREA IS "RICH" IN NATURAL RESOURCES SUCH AS POL, METALLIC MINERALS FOREST PRODUCTS AND CERTAIN FOODSTUFFS; MILITARY ACTIVITY IS SUBSIDING, AND SEA NATIONS APPEAR UNCLASSIFIED

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IN PERIOD OF "EVOLUTION RATHER THAN REVOLUTION"; SEA WILL CONTINUE TO RECEIVE DEVELOPMENT ASSISTANCE SINCE IT IS REGION OF GEOPOLITICAL STRATEGIC IMPORTANCE; SEA COUNTRIES HAVE ACHIEVED "REASONABLE DEGREE OF FISCAL AND POLITICAL STABILITY" AND, FOR MOST PART, PRIVATE ECONOMIC SECTOR IS DOMINANT.

CHINA

10. FOLLOWING-UP EARLIER SPECULATIVE REPORTS OF PRC BORROWING FROM WEST, GOJ FORNMIN SOURCES STATE FLATLY THAT CHINA HAS BEGUN ACCEPTING MEDIUM-TERM LOANS FROM WESTERN BANKS THROUGH HK BRANCH OF BANK OF CHINA; VALUE OF LOANS, MADE IN "VERY RECENT PAST," SAID TO BE ROUGHLY 100 MILLION DOLLARS (JOC).

COMMENT AND ANALYSIS

11. MCCOMBS (WP) IN LENGTHY, GRIM STORY FROM CAMBODIA DESCRIBES US FAILURE LIVE UP TO AUG. 22 PLEDGE BY AMBASSADOR SWANK TO "COMPENSATE, INsofar AS POSSIBLE, THE SURVIVORS OF THE TRAGEDY" OF B-52 BOMBING OF NEAK LUONG. US HAS NEVER PAID FOR DESRUCTION OF HOMES AND OTHER PROPERTY, AND EMBASSY PP SPOKESMAN TOLD MCCOMBS

COMPENSATION "PROGRAM IS CLOSED". MCCOMBS CONTENTS THAT IN AUG. 22 KHMER-US AGREEMENT US UNDERTOOK TO REBUILD DESTROYED HOSPITAL AND PAY SURVIVORS OF 140 KILLED THE EQUIVALENT OF 400 DOLLARS, "ACCORDING

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BUT SURVIVORS COMPLAIN THAT AMERICANS, THROUGH "A COLONEL IN DARK GLASSES," PAID ONLY 166 DOLLARS FOR DEATH OR GRAVE WOUND AND 116 DO
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